

## **ECONOMIC DEVELOPMENT COMMITTEE**

**September 12, 2000**

**4:15 P.M.**

The Economic Development Committee was called to order by Councilman Lively, Chairman, with Councilpersons Rutherford, Hurley, Taylor, Eaves, Hakeem and Franklin present. City Attorney Michael McMahan; Management Analyst Randy Burns; and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Mayor Kinsey, Beverly Johnson, Adm. Marcellis, Joachim Volz, Fredia Kitchens, Bunky Wright, and Chief Coppinger. Adm. Boney and Daisy Madison joined the meeting later.

### **RATING AND SELLING OF BONDS**

Chairman Lively turned the meeting over to Mayor Kinsey. Mayor Kinsey expressed his appreciation for having this meeting, noting that there would be several such meetings over the next few weeks as we move toward selling bonds. As a matter of information, he informed the committee that Councilman Hakeem, the City Finance people, and himself had had two meetings with the Bond Rating Agency and next week he would give a condensed version of what had been discussed and some feedback. He noted that two years ago was the last time we had met with a rating agency and had gotten an upgrade.

Councilman Eaves asked if we were asking for an upgrade now. Mayor Kinsey responded that “yes”, we asked; that we were at an AA Level now, and we knew we would not get the AAA rating but were hoping for AA+ in the near future. He stated that the agency was impressed with our Capital Improvements and how we had made it pay as you go. He stated that we had a great story to tell, and it was fun telling it.

Councilman Taylor asked what the main thing they were looking for was. Mayor Kinsey responded that they wanted to make sure we had good management practices and debt coverage. He stated that we have a low debt; that they looked at the County debt as well. Councilman Taylor asked if there was a certain debt ratio. Mayor Kinsey responded that there were no “hard and fast” rules; that we had very little debt and a lot of flexibility in the future. He stated that he had some charts that we would go over next week; that there were some things that rating agencies don’t care about, but he thought that it would be of benefit for all of us to talk about.

Councilwoman Rutherford asked if the dropping of the State’s rating would have any effect on us. Mayor Kinsey responded that he did not anticipate any adverse effect. He asked Councilman Hakeem if he would agree with that. Councilman Hakeem responded “definitely”; that as far as best practices, he thought we came out well.

Mayor Kinsey stated that we were the guinea pig for the State as it relates to the Tourism Zone, and we need to get the final approval of the Benchmark Management Contract and make sure we are in accordance with the Tax Exempt regulations. He went on to say that we anticipated selling bonds at the end of the month and closing by the middle of October; that Benchmark is the largest management firm in the country for conference centers, and we are very pleased that they are here; that it would be a first-class facility; that we had factored in that if they do not meet 80% of the budget projection, we will have the ability to terminate the contract, and they will have to live by this. He noted that there was a significant contribution to make towards Debt Service. He stated that Benchmark had folks on board here and a marketing staff in Atlanta; that they are attempting to get new businesses that we have not captured in the past; that they are set to have the opening in March.

Councilman Franklin asked how this would affect the Trade Center and other hotels—if it would have some effect on existing property. Mayor Kinsey responded that he thought for the existing hotels that this would be a plus; that it would enable room inventory and the use of “room blocks”. He reiterated that Benchmark was going after new business, using a CMP, with a different marketing approach from hotels. Mayor Kinsey reiterated that he thought it would be a plus for everybody. Councilman Franklin asked if he meant a plus from the standpoint that we could hold larger meetings and have a block of maybe a 1,000 rooms. Mayor Kinsey agreed that an added room block would enable us to get larger groups, which would be quality groups that would raise the bar; that we wanted people here who would spend more money, and the Conference Center would be a leader in this effort. He stated that downtown is really a resort and showing it to folks will lead to new investments and job growth.

Councilman Taylor asked if we would discuss construction participation as well. Mayor Kinsey responded that we can't do this next week; but in the next few weeks minority participation will be discussed; that we had looked at affirmative action and agreed to it over a year ago; that we were now ready to go forward and Benchmark was proceeding on good faith. He assured Councilman Taylor that we would be addressing this but not next week.

Attorney McMahan mentioned the Resolution on tonight's agenda designating the Southside Redevelopment Corporation as the City's agent for the management of the Conference Center to be called The Chattanooga; approving the proposed Management Agreement between Southside Redevelopment Corporation and BMC—The Benchmark Management Company; authorizing a change to the Charter of the Southside Redevelopment Corporation; and authorizing the Mayor to execute leases, agreements, and other documents relating thereto. He explained that the bonds would be issued by the Industrial Development Board to Southside Redevelopment Corporation. He explained that this picks up technical language that the bond raters suggested. This is item (o) on tonight's agenda.

Councilman Hakeem added that in regard to the Industrial Development Board that two members are not appointed but elected, and this will be done tonight. He asked that the Council be conscious of this; that one individual we just elected a month ago has moved out of the city and the second individual coming on board will be elected during tonight's meeting.

Attorney McMahan stated that one of the individuals is Ralph West, who is a Trust Officer with AmSouth and was a member of the General Pension Board for 20 years. The other person is Stephanie Crowe, who lives in St. Elmo and is also with a Financial Institution in town and is active in neighborhood work.

Councilman Taylor asked how many were on the Industrial Development Board, and Attorney McMahan indicated that he would find out for him.

**On motion of Councilwoman Hurley, seconded by Councilman Franklin, the above discussed items will be recommended to the full Council.**

### **CHIEF COPPINGER**

Chief Coppinger asked to address the committee on two items. The first item was **Ordinance—First Reading (o)** that amends Chattanooga City Code, Part II, Section 16, to add a new Section 16-13 authorizing the award of a fireman's helmet upon retirement or disability. He explained that we allow police officers to take guns with them when they retire, and this will allow firemen to take their helmets. He explained that this would be of no cost to the City, as we don't recycle the helmets.

Item two was **Resolution (k)** authorizing the appointment of David L. Brooks, Jr. as a special policeman for the Chattanooga Fire Department, Fire Prevention Division. He will not carry a weapon but will be able to write citations.

**On motion of Councilman Eaves, seconded by Councilman Franklin, the above two items will be recommended to the full Council for approval.**